

PUBLIC DISCLOSURE

April 17, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BAC Florida Bank
Certificate Number: 21265
848 Brickell Avenue
Miami, Florida 33131**

**Federal Deposit Insurance Corporation
1201 West Peachtree Street, N.E., Suite 1500
Atlanta, Georgia 30309-3415**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **BAC Florida Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **April 17, 2001**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Summary of Institution's CRA Performance

During this review period, BAC Florida Bank (BFB) demonstrates a satisfactory responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test: The bank's volume of Home Mortgage Disclosure Act (HMDA) loans and the geographic distribution of these loans, including the geographic distribution of consumer loans,¹ within its assessment area, are adequate. However, the distribution of HMDA loans by borrower income is weak, particularly for low-income individuals, but strong for the consumer loans. The bank has responded to its weak borrower distribution by extending 9 qualifying community development loans, totaling just over \$3 million. In addition, the bank purchased 84 loans totaling just over \$4 million that were specifically originated to low- and moderate-income individuals, through special housing programs within its assessment area.

Investment Test: The level of investments held by the bank to address affordable housing and other credit needs is adequate. In addition to several investments held since the last evaluation subject bank has acquired various qualifying investments, including a \$516,000 bond for the refinancing of multifamily rental housing for low- and moderate-income individuals; a \$1 million investment in an affordable housing fund that uses tax credits for low-income individuals; two mortgage backed securities, totaling \$779,865, secured by home loans originated to low- and moderate-income individuals. In addition, the bank has donated money to various community-based organizations and has provided in-kind contributions of property to various churches that help low- and moderate-income individuals. Refer to the Investment Test section for further information.

Service Test: Despite the bank's concentration on serving the international customer, delivery systems are still reasonably accessible to most portions of the bank's assessment area, including low- and moderate-income areas. In addition, retail services, although not routinely advertised, and business hours do not vary in a way that inconveniences most portions of its assessment area. In fact, subject bank's services and hours compare favorably with other similarly structured institutions located nearby. Based on the bank's resources and assessment area needs, BFB has provided an adequate level of community development services. Although the services provided are not always particularly innovative, the services offered address various assessment area needs that are targeted to low- and moderate-income individuals/areas or to small business concerns.

¹Forty-one consumer loans, totaling \$70,000, were reviewed at the request of the bank. All loans were originated to low- and moderate-income individuals; however, given the low volume by number, little emphasis was accorded these credits for this evaluation.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

*The following table indicates the performance level of **BAC Florida Bank** with respect to the lending, investment, and service tests.*

PERFORMANCE LEVELS	<u>BAC Florida Bank</u>		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

DESCRIPTION OF INSTITUTION

BAC Florida Bank (BFB) was established in 1972 and is headquartered in Miami, Florida. Miami is part of the Miami-Dade Metropolitan Statistical Area (MSA), which serves as the bank's assessment area. BFB's corporate and only banking office is housed in a 13-story building located on Brickell Avenue in a middle-income geography. Brickell Avenue is Miami's international banking center with many institutions specializing in correspondent banking and trade finance with Central and South America. Subject institution's banking office and only automated teller machine (ATM) has limited customer traffic and both are not readily visible to the general public. BFB maintains no branch offices.

The institution is a small part of a much larger international conglomeration of varied business concerns and affiliates whose operations and locations span throughout the Caribbean, the United States, and Central and South America. Some of the larger affiliates include BAC International Bank, chartered in the Cayman Islands, which through its chain of subsidiaries and affiliates comprise an extensive network of financial institutions throughout Central America; CREDOMATIC, headquartered in San Jose, Costa Rica, which runs one of the largest credit card operations, including issuance and processing, throughout the Caribbean and the Americas; and General Business Machines Corporation, an IBM alliance company, which through its subsidiaries exclusively distributes and services the entire IBM line in Central America, Panama, the Dominican Republic, and Haiti.

While BFB is chartered as a full-service institution, it is not a typical retail bank. BFB does not routinely advertise to the retail market, has little or no walk-in traffic, and generates much of its residential lending activity through area mortgage brokers. The bank's primary revenues are a function of its business strategy, which is to serve the needs of international customers throughout the Americas, using its extensive affiliate relationships mentioned above. Hence, most of the bank's earnings are generated through its efforts in providing correspondent banking activities, including lines and letters of credit, as well as payable-through account deposit services to Latin American banks; providing private banking services to mostly Latin American customers; and extending residential loans to wealthy, nonresident foreign customers to facilitate the financing of second homes which are located in the United States. Approximately 90 percent of the bank's deposits are from foreign bank correspondents, foreign depositors, and U.S. financial institutions with the balance from local depositors.

As of December 31, 2000, subject bank had total assets of \$456 million. Net loans, at December 31, 2000, totaled \$348 million, or 76 percent of total assets with, a loan-to-deposit ratio of 99.78 percent. The bank's securities totaled \$83 million or 18 percent of total assets at December 31, 2000. Total deposits equaled \$349 million at December 31, 2000, with total equity capital of \$35 million. As of the evaluation date, total assets equaled \$462 million. The bank's loan mix is depicted in Table 1.

DESCRIPTION OF INSTITUTION (Continued)

TABLE 1

LOAN DISTRIBUTION AS OF DECEMBER 31, 2000	
Loan Type	% of Average Gross Loans
<i>1-4 Family Residential</i>	53%
<i>Multifamily (5 or more) Residential</i>	8%
<i>Non-Farm, Non-Residential</i>	6%
Total Real Estate Loans	67%
<i>Commercial and Industrial</i>	3%
<i>Acceptances of Other Banks</i>	14%
<i>Financial Institution Loans</i>	15%
<i>Loans To Individuals & Credit Card Loans</i>	1%
Total Loans	100%

Source: Uniform Bank Performance Reports.

As shown in Table 1, subject bank's loan portfolio is concentrated in real estate lending. Acceptances of other banks, which are foreign letters of credit purchased at a discount from an originating bank, including financial institution loans to foreign banks, also comprise a significant portion of the bank's portfolio as of December 31, 2000.

Other than its business strategy to primarily serve the Latin American market, there are no legal or financial impediments that would prevent subject bank from helping to meet the assessment area (AA) credit needs. Subject bank does compete for both domestic- and foreign-related relationships locally and abroad with a host of small and large financial institutions and entities, including mortgage brokers, finance companies, and trust organizations. Branches of most of the larger multinational and regional financial institutions are located in the bank's AA, including smaller, similarly structured institutions, such as International Bank of Miami, NA and Eagle National Bank. Competition for home mortgage loans, including home loans extended to nonresident aliens, is also strong.

DESCRIPTION OF ASSESSMENT AREA

SCOPE OF EVALUATION

BAC Florida Bank has one assessment area, and it was reviewed both onsite and offsite using the Large Bank CRA evaluation procedures. Loans reported, pursuant to the Home Mortgage Disclosure Act (HMDA), for 2000, as well as loans collected, but not yet reported for the first quarter 2001, were included in the review of the bank's CRA performance. The review included originations as well as purchases. Given that only two small business loans, as defined by the CRA, were originated during the review period, no review of these loans was conducted. Also, since no farm loans were originated during the review period, this product line was not evaluated.

Additionally, although the bank's consumer loan portfolio represents only two tenths of one percent of net loans at December 31, 2000, (33 loans totaling \$55,000), bank management requested that these be reviewed and considered for CRA purposes. As described elsewhere in this report, under the section entitled, "Innovative and Flexible Lending Practices," all 33 loans, including an additional 8 loans totaling \$15,000 (made in the first quarter of 2001), were originated through loan programs that target low- and moderate-income individuals. Bank management was advised that given the low volume of these loans, by number and dollar amount, minimal CRA consideration would be given.

Further, the bank's community development investments, and retail and community development services were also reviewed. A review of FDIC records, as well as the institution's CRA Public File since the last evaluation, did not reveal any complaints relating to the bank's CRA performance. The bank's assessment area is in conformance with the CRA regulation.

DEMOGRAPHIC AND ECONOMIC DATA

The bank's assessment area consists of the Miami-Dade MSA, which is comprised of 267 geographies divided among the four income groups as follows: 36 are low-income (14 percent); 57 are moderate-income (21 percent); 96 are middle-income (36 percent); 75 are upper-income (28 percent); and 3 (1 percent) have no income information. A low-income geography is defined as one in which the median family income (MFI) is less than 50 percent of the MSA's MFI; a moderate-income geography is one in which the MFI is at least 50 percent, but no more than 80 percent of the MFI of the MSA; a middle-income geography is one in which the MFI is at least 80 percent, but no more than 120 percent of the MFI of the MSA; and an upper-income geography is one in which the MFI is at least 120 percent or greater of the MFI of the MSA.

The geographic boundaries of the assessment area are the Atlantic Ocean to the east, Broward County to the north, Monroe County to the south, and Collier and Monroe Counties to the west. Major incorporated cities within the assessment area include, but are not limited to, Miami, Miami Beach, North Miami Beach, Hialeah, Coral Gables, Kendall, Homestead, Key Biscayne, Bal Harbour, and Aventura. Other communities within the assessment area include Overtown,

DESCRIPTION OF ASSESSMENT AREA (Continued)

DEMOGRAPHIC AND ECONOMIC DATA (Continued)

Liberty City, East Hialeah, Little Havana, and Sweetwater. The eastern portion of the community is primarily urban/industrial with the western and southern portions primarily rural/agricultural. Consequently, the credit needs of the assessment area differ vastly from one section to another. The outer fringes of the MSA are comprised of middle- and upper-income geographies with low- and moderate-income areas scattered in the center portion of the county.

As Table 2 indicates, the number of owner-occupied housing units within low- and moderate-income geographies is minimal at 16 percent, particularly for low-income geographies at 3 percent. However, as shown in Table 3 below, low- and moderate-income households, expressed as a total of all households in the MSA, equals 40 percent, with 26 percent representing low-income. Further, households below the poverty level total 18 percent with 45 percent, and 28 percent, of them located in low- and moderate-income geographies, respectively. Additionally, 10 percent of all households receive public assistance with 25 percent, and 16 percent, of them located in low- and moderate-income geographies, respectively.

TABLE 2

SELECTED HOUSING CHARACTERISTICS BY INCOME CATEGORY OF THE GEOGRAPHY								
Geographic Income Category	Percentage					Median		
	Geography	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age *	Home Value*	Gross Rent*
Low	14%	9%	3%	16%	11%	28	\$50,915	\$341
Moderate	21%	20%	13%	27%	18%	27	\$69,047	\$425
Middle	36%	38%	41%	35%	36%	22	\$74,141	\$532
Upper	28%	33%	43%	22%	35%	16	\$111,630	\$644
Total or Median	100%	100%	100%	100%	100%	39	\$86,012	\$493

Source: U.S. Census

* - Owner- and/or Renter-Occupied Units

Many of the assessment area's low- and moderate-income geographies are located in the Overtown, Liberty City, Opa Locka, Carroll City, Florida City, and West Perrine sections of Miami. Information obtained from a community contact, whose organization's purpose is economic development through job creation, stated that jobs and affordable housing are pressing needs in these communities. In addition, the contact stated there is a need for capital investment in small businesses as many businesses are sole proprietorships. Also, funds for physical improvements to buildings and overall area beautification, are needed. The contact believes that there is a tremendous opportunity for involvement by local banks in these areas, such as revolving loan funds and direct loan originations.

DESCRIPTION OF ASSESSMENT AREA (Continued)

DEMOGRAPHIC AND ECONOMIC DATA (Continued)

In January 1999, the Department of Housing and Urban Development (HUD) designated many of the previously mentioned areas, as Empowerment Zones. This designation provides \$130 million in tax incentives and millions more in job grants for these very impoverished areas. These programs will provide many opportunities for area banks.

TABLE 3

<i>DEMOGRAPHIC & ECONOMIC CHARACTERISTICS OF THE ASSESSMENT AREA</i>	
<i>Total Population of Assessment Area</i>	1,937,094
<i>Median Family Income:</i>	
<i>1990 Median Family Income</i>	\$31,113
<i>2000 Estimated Median Family Income (*)</i>	\$43,700
<i>% of Households by Income Level of Household:</i>	
<i>Low-Income</i>	26%
<i>Moderate-Income</i>	14%
<i>Middle-Income</i>	18%
<i>Upper-Income</i>	42%
<i>Households Below Poverty Level</i>	18%
<i>Households Receiving Public Assistance</i>	10%
<i>Renters Where Cost of Rent is Greater Than 30% of Income</i>	45%
<i>Number of Total Housing Units:</i>	
<i>1-4 Family Residential</i>	436,587
<i>Multi-Family</i>	305,564
<i>Mobile Homes or Other</i>	29,137
<i>Owner-Occupied Housing Units</i>	376,006
<i>Rental Housing Units</i>	348,099
<i>Vacant Housing Units</i>	78,933

* These figures are based on yearly estimates from HUD.

Sustained growth in the general Miami area is linked closely to overseas developments. International trade through Miami International Airport and the Port of Miami has made the metropolitan area a convenient gateway to Latin America for U.S. and European companies. Information from the Florida Trend 1998 Economic Yearbook, April 1998 (Florida Trend) states that Miami-Dade County is attractive to multinational firms that require access to Latin America. However, economic growth is affected by the economies of Latin America. Consequently, as the metropolitan area grows increasingly interconnected with international developments, exposure to global risks correspondingly rises. Given the recent economic and financial turbulence in some Central and South American countries, the metropolitan Miami area may be at risk for slower growth.

DESCRIPTION OF ASSESSMENT AREA (Continued)

DEMOGRAPHIC AND ECONOMIC DATA (Continued)

Despite the international influence and its overall affect on the metropolitan Miami, the area has been and continues to be influenced by the film and television industry. This industry has experienced tremendous economic growth, making Miami-Dade County one of the largest production centers in the nation. Florida Trend estimates that the entertainment industry will be the region's fastest growing business sector. It is estimated that Miami-Dade employs 6,100 full-time entertainment industry workers. In addition, tourism continues to fuel the area's economy. Tourism has remained very strong in recent years, particularly in South Florida, and remains a foundation of the county's economy. While tourism fuels the economy by providing many service jobs, this industry typically pays low wages. Further, agriculture continues to be an important economic force in the county.

The county's 1999 unemployment rate of 5.6 percent is higher than Florida's rate of 3.9 percent. The largest share of employment is in the services sector, which accounts for 33 percent of total employment. Some of the largest employers in the county include Carnival Cruise Lines, American Airlines, Burger King Corporation, Florida International University, Miami-Dade Community College, and Miami International Airport. Additionally, federal, state, and local government, along with public education, constitute a large share of the county's payroll.

Residential construction activity is mixed, with most new growth in construction occurring in upscale condominiums. New condominium construction has focused increasingly on high-end market segments of Miami Beach. Latin America residents who purchase second homes drive much of this activity. In contrast, single-family homebuilding has been less active.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area; 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the assessment area; 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

CRA examination procedures require a review of home mortgage, small business, and small farm loan data. Due to the bank's limited small business lending and no farm lending, these two areas were not reviewed for this period. HMDA and consumer loans were considered.

Lending Activity & Assessment Area Concentration

BFB's overall volume of lending activity is strong and its concentration of lending within its assessment area is very good.

During 2000, subject bank originated and purchased 662 HMDA loans, totaling \$133 million with a total of 89 HMDA loans totaling \$15 million originated and purchased during the first quarter of 2001. On average, this represents 50 HMDA loans per month for the 15 months under review. These trends reveal that subject bank's volume of lending activity is strong favorably supporting the bank's ability and capacity to lend. In contrast, however, the bank's volume of consumer lending activity is minimal as only 41 loans, totaling \$70,000, were extended during the 15 months under review.

As shown in Table 4, during 2000 and the first quarter of 2001, the bank extended 561 HMDA loans (75 percent) within its assessment area. This corresponds to a combined total of \$117 million (78 percent) of HMDA loans extended within the bank's assessment area. Specifically within the assessment area, as shown in Table 4, during 2000, BFB extended 485 HMDA loans (73 percent), totaling \$103 million (78 percent). Slightly higher trends are noted for year-to-date 2001 in which a total of 76 loans (85 percent), totaling \$13 million (86 percent), were extended within the bank's assessment area. In addition, all 41-consumer loans, totaling \$70,000 were originated within the bank's assessment area. This represents very good performance within the bank's assessment area.

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Lending Activity & Assessment Area Concentration (Continued)

TABLE 4

DISTRIBUTION OF LOAN ORIGINATIONS AND PURCHASES INSIDE AND OUTSIDE THE ASSESSMENT AREA										
Loan Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2000	485	73%	177	27%	662	\$103,496	78%	\$29,956	22%	\$133,452
YTD 2001	76	85%	13	15%	89	\$13,385	86%	\$2,123	14%	\$15,508
Subtotal	561	75%	190	25%	751	\$116,881	78%	\$32,079	22%	\$148,960
Consumer										
2000	33	100%	0	0%	33	\$55	100%	\$0	0%	\$55
YTD 2001	8	100%	0	0%	8	\$15	100%	\$0	0%	\$15
Subtotal	41	100%	0	0%	41	\$70	100%	\$0	0%	\$70
Grand Totals	602	76%	190	24%	792	\$116,951	78%	\$32,079	22%	\$149,030

Source: HMDA LARs (2000 and year-to-date 2001) and internal bank information (consumer loans).

Geographic Distribution

BFB's geographic distribution of HMDA and consumer loans reflects an adequate penetration throughout its assessment area; however, some weaknesses are evident, but are not considered adverse.

Factors taken into consideration in reviewing the bank's performance in this area includes characteristics such as population demographics, poverty levels, the percentage of owner-occupied housing located in geographies by income levels, and the percentage of total housing units by income levels.

Table 5 illustrates the distribution of the bank's HMDA originations and purchases, the bank's principal loan product. The distribution is shown for full year 2000 and year-to-date 2001. For comparison purposes, the distribution, by percentage, of the assessment area's 376,006 owner-

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Geographic Distribution (Continued)

occupied housing units for each geography income level is also shown.² Only those loans within BFB's assessment area are included under this performance category.

TABLE 5

<i>DISTRIBUTION (by number) OF HMDA LOAN ORIGINATIONS AND PURCHASES BY GEOGRAPHY INCOME LEVEL</i>							
<i>Geography Income Level</i>	<i>% Total Owner-Occupied Housing Units</i>	<i>2000</i>		<i>YTD 2001</i>		<i>Total</i>	
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	3%	33	7%	0	0%	33	6%
<i>Moderate</i>	13%	75	15%	8	11%	83	15%
<i>Middle</i>	41%	124	26%	36	47%	160	28%
<i>Upper</i>	43%	253	52%	32	42%	285	51%
<i>Total</i>	<i>100%</i>	<i>485</i>	<i>100%</i>	<i>76</i>	<i>100%</i>	<i>561</i>	<i>100%</i>

Source: HMDA LARs (2000 and year-to-date 2001) and 1990 US Census.

When compared to the percentage of owner-occupied housing units, the distribution of the bank's HMDA originations and purchases (by number expressed as a percentage) in low- and moderate-income geographies is favorable, despite no originations to low-income geographies during year-to-date 2001. The distribution within middle-income geographies is below the percentage of owner-occupied units and above within upper-income. Higher percentages within upper-income geographies are a result of the bank's business strategy to target wealthy, nonresident aliens (refer to Table 6).

The bank's performance within low- and moderate-income geographies, despite no loans extended in low-income geographies during the first quarter of 2001, is still favorable given demographic statistics. For example, of the 221,551 total housing units in low- and moderate-income areas, 190,948 or 86 percent are rental or vacant units. Approximately 47 percent are multifamily housing. Thus, opportunities for funding single dwelling home purchases are limited for banks in the low- and moderate-income geographies that comprise BFB's assessment area.

² Aggregate 2000 HMDA data, which is typically used as a comparison factor when rating this category, is not yet available, and therefore, not included in this analysis.

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Geographic Distribution (Continued)

Subject bank has also extended multifamily loans in low- and moderate-income geographies. As shown below under the section entitled “Community Development Lending,” subject bank has extended 9 multifamily loans to sustain housing for low- and moderate-income individuals. As shown in Table 8, 78 percent of the loans were originated in low- and moderate-income geographies affecting 110 apartment units. Refer to that section for further information regarding these loans.

Table 5A illustrates the distribution of the bank’s consumer originations. The distribution is shown for full year 2000 and year-to-date 2001. For comparison purposes, the distribution, by percentage, of the assessment area’s total housing units for each geography income level is also shown. Only those loans within BFB’s assessment area included in this performance category.

TABLE 5A

<i>DISTRIBUTION (by number) OF CONSUMER LOAN ORIGINATIONS BY GEOGRAPHY INCOME LEVEL</i>							
<i>Geography Income Level</i>	<i>% Total Housing Units</i>	<i>2000</i>		<i>YTD 2001</i>		<i>Total</i>	
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$ (000s)</i>	<i>%</i>
<i>Low</i>	9%	3	9%	1	13%	4	10%
<i>Moderate</i>	20%	7	21%	4	50%	11	27%
<i>Middle</i>	38%	16	49%	1	13%	17	41%
<i>Upper</i>	33%	7	21%	2	24%	9	22%
<i>Total</i>	<i>100%</i>	<i>33</i>	<i>100%</i>	<i>8</i>	<i>100%</i>	<i>41</i>	<i>100%</i>

Source: Internal bank information and 1990 US Census. Includes “Mirco” and “School” loan products.

The bank’s performance within low- and moderate-income geographies for consumer loans is considered strong. Performance is both above (2000) and below (year-to-date 2001) comparison data within middle-income geographies. Further, the geographic distribution of consumer loans within upper-income geographies is below comparison standards. However, given the low volume of consumer loans, more emphasis under this performance category was placed on the bank’s HMDA loans.

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Borrower Characteristics

BFB's HMDA lending to borrowers of different income levels does not meet standards for satisfactory performance, particularly with low-income individuals. While the bank's consumer lending performance exceeds standards for satisfactory performance, given the minimal number of these loans, more emphasis was placed on an evaluation of the bank's HMDA loans.

Factors taken into consideration in reviewing the bank's performance in this area includes characteristics such as median family income, population demographics, poverty levels, and the percentage of total households.

Table 6 illustrates the borrower distribution of the bank's HMDA originations and purchases. The distribution is shown for full year 2000 and year-to-date 2001. For comparison purposes, the distribution, by percentage, of the assessment area's total households for each geography income level is also shown.³ Only those loans within BFB's assessment area are included under this performance category.

TABLE 6

DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME							
Median Family Income Level	% Total Households	2000		YTD 2001		Total	
		#	%	#	%	#	%
Low	26%	26	7%	10	18%	36	9%
Moderate	15%	44	13%	4	7%	48	12%
Middle	17%	17	5%	5	9%	22	5%
Upper	42%	264	75%	36	66%	300	74%
Total	100%	351	100%	55	100%	406	100%
No Income Reported⁴		134		21		155	

When compared to the percentage of total households, BFB's borrower characteristics reflects a poor penetration among customers of low- and middle-income levels. Lending to moderate-income individuals is adequate during 2000, but below for year-to-date 2001, but generally adequate when combined. Further, BFB's penetration to upper-income borrowers is

³ Aggregate 2000 HMDA data, which is typically used as a comparison factor when rating this category, is not yet available, and therefore, not included in this analysis.

⁴ These are loans that income data is not required to be reported. For example, they may be loans to corporations.

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Borrower Characteristics (Continued)

significantly higher when compared to the percentage of total households. A review of BFB's borrower income penetration rates of HMDA loans by dollar volume reflects similar adverse results.

As mentioned these adverse trends are consistent with BFB's business strategy of targeting wealthy, nonresident aliens. These trends are, to some extent, offset by the demographic characteristics of the assessment area: Low- and moderate-income households represent 41 percent of all households in the assessment area with 18 percent earning below the poverty level; meeting the credit needs of these individuals may be challenging due to their limited resources.

Subject bank has responded to these adverse trends by originating small dollar-sized consumer loans generally targeted to low- and moderate-income individuals as shown in Table 6A. During 2000 and year-to-date 2001, the bank originated 41 consumer loans totaling \$70,000 of which 31 or 76 percent were extended to low-income individuals through several special bank loan programs. These programs are specifically targeted to low- and moderate-income individuals within its assessment area. As shown all 41 loans were originated to low- and moderate-income individuals within the bank's assessment area, exceeding the comparison percentages in both income categories. However, while these efforts are positive, given the low volume of these loans, more emphasis in this performance category was placed on the bank's HMDA loans. Refer to the "Innovative or Flexible Lending Practices" section for further information regarding these programs.

TABLE 6A

<i>DISTRIBUTION OF CONSUMER LOANS BY BORROWER INCOME</i>							
<i>Median Family Income Level</i>	<i>% Total Households</i>	<i>2000</i>		<i>YTD 2001</i>		<i>Total</i>	
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	26%	25	76%	6	75%	31	76%
<i>Moderate</i>	15%	8	24%	2	25%	10	24%
<i>Middle</i>	17%	0	0%	0	0%	0	0%
<i>Upper</i>	42%	0	0%	0	0%	0	0%
<i>Total</i>	<i>100%</i>	<i>33</i>	<i>100%</i>	<i>8</i>	<i>100%</i>	<i>41</i>	<i>100%</i>
<i>No Income Reported</i>		0		0		0	

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Borrower Characteristics (Continued)

BFB has also extended multifamily loans in low- and moderate-income geographies. As shown below under the section entitled “Community Development Lending,” subject bank has extended 9 multifamily loans to sustain housing for low- and moderate-income individuals.

Community Development Lending

The institution’s community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution’s community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Given the bank’s asset size and competition for community development projects in the institution’s assessment area, BFB has made an adequate level of community development loans; however, as outlined below, the loans are not particularly innovative.

TABLE 7

QUALIFIED COMMUNITY DEVELOPMENT LENDING ACTIVITY		
LOAN DESCRIPTION	NUMBER OF LOANS	DOLLAR VOLUME (000s)
<i>Multifamily Affordable Housing Loans</i>	9	\$3,396,500
<i>Loans to Nonprofit Organizations</i>	0	\$0
<i>SBA Loans</i>	0	\$0
<i>All Other Loans</i>	0	\$0
Grand Total	9	\$3,396,500

Source: Bank records. The credits were classified as qualifying “community development loans” based on several factors, including the following formula: If the rent was below 28 percent of the maximum low- or moderate-income median family income level, on a monthly basis, then it was considered an apartment for a low- and moderate-income person.

As shown in Table 8 these loans have resulted in sustaining homes for many low- and moderate-income persons (134 units). A total of 7 (78 percent) community development loans, totaling \$2,703,000 (80 percent), were extended within low- and moderate-income geographies. The

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Community Development Loans (Continued)

bank's loans affect 110 units (82 percent) in low- and moderate- income geographies. Also, some properties are in process of being renovated or were recently renovated. One property accepts HUD's Section 8 housing certificates. According to demographic statistics, several of these geographies contain relatively high percentages of individuals living below the poverty line.

BFB solicits multifamily-related loans through its extensive network of approximately 50 to 60 area mortgage brokers and other lenders. Subject bank feels that multifamily lending would be a good way to serve a greater number of low- and moderate-income individuals, particularly those that would not otherwise be credit worthy due to their low incomes. Generally, BFB will fund for purchased and rehabilitation purposes, and refinanced and take-out transactions with no special terms provided. As such, the loans are not typically innovative; however, they do exhibit the institution's willingness to address the living needs, indirectly, of low- and moderate-income individuals.

TABLE 8

COMMUNITY DEVELOPMENT LOAN SPECIFICS							
Geography Income Level	Community Development Loans		Community Development Loans		Units Affected		Notes
	#	%	\$ (000s)	%	#	%	
Low	3	33%	\$1,396	41%	75	56%	a
Moderate	4	45%	\$1,307	39%	35	26%	a,b
Middle	2	22%	\$694	20%	24	18%	
Upper	0	0%	\$0	0%	0	0%	
Total	9	100%	\$3,397	100%	134	100%	

Source: Bank Records. Key to Notes:

a: Renovations will be completed or are in process of completion (3 loans).

b: HUD's Section 8 voucher subsidiaries accepted (1 loan).

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

The institution makes limited use of innovative lending practices but exhibits flexibility to serve the assessment area's credit needs in different ways. Unfortunately, the degree of success of being flexible is limited by volume due in part to the resources available to the institution: The bank has developed several consumer loan programs; however, the bank is not structured to be a consumer installment lender for these very specific loan products. Marketing, in the form of a brochure, however, has increased since the last evaluation.

Further, BFB has shown flexibility by purchasing home loans, linked to local affordable housing programs for low- and moderate-income individuals. BFB's actions since the last evaluation are described as follows:

Micro Loan Program (program initiated at the last evaluation): A consumer loan program offered to creditworthy low- and moderate-income individuals (as defined by the CRA). Loan proceeds are used by individuals for various consumer-related purposes. Loan amounts can not exceed \$2,000 with the interest rate fixed at two percent over the "Prime Rate." The maximum term is 30 months. Payments are due monthly. Five loans originated during 2000 were specifically for flood relief assistance due to flood damage in the Miami area in October 2000. The maximum amount for the flood loans was \$1,000 at a 10 percent fixed rate with a maximum term of 30 months.

As mentioned, BFB markets this program (including the flood relief loans) through the distribution of English and Spanish language brochures at places accessible to low- and moderate-income individuals. Generally, the bank distributes the flyers in churches, schools, community-based organizations, and shops/stores in areas frequented by low- and moderate-income individuals. Admittedly, it is not mass marketed as the bank does not have the resources to deal with a great number of loans of this type. Annual borrower incomes for loans originated since the last evaluation range from \$4,096 to \$29,900.

CONCLUSIONS (Continued)

LENDING TEST (Continued)

Innovative or Flexible Lending Practices (Continued)

School Loan Program (program initiated at the last evaluation): A consumer loan program offered to creditworthy low- and moderate-income individuals (as defined by the CRA). Loan proceeds can only be used by the borrower to finance their children's back-to-school supplies and uniforms. Loan amounts can not exceed \$500 with the interest rate fixed at ten percent. The maximum term is 12 months. Payments are due monthly.

BFB markets this program using flyers placed in various schools within the county which have a high percent of students on free lunch programs. Most of the schools are in a designated Federal Empowerment Zone, specifically serving low- and moderate-income students. As with the Mirco loans, this is not mass marketed as the bank does not have the resources to deal with a great number of loans of this type. Annual borrower incomes for loans originated since the last evaluation range from \$10,560 to \$25,980.

Purchased Loans (loans purchased during the last evaluation): During 2000 and the first quarter of 2001, subject bank purchased 84 loans, totaling \$4,011,758, that are linked to various city and county affordable housing programs. These programs typically provide soft second loans for down payments and closing cost or provide other types of assistance needed to help a low- and moderate-income individuals obtain home loans.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area through its use of qualified investments⁵ that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. Activities considered under the lending or service test may not be considered under the investment test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The institution has an adequate level of qualified investments. The bank's investments are described as follows:

- (1) In February 1997, BFB purchased a \$500,000 bond through FNMA in order to provide for the refinancing of multifamily residential rental development located in a middle-income geography of Miami. The development consists of 3 buildings with 310 rental apartment units. The development is required to set aside 20 percent or 62 units for occupancy by persons and families of low- and moderate-income. This issue was considered at the last evaluation.
- (2) In June of 2000, BFB purchased an additional \$516,000 in the secondary market of the bond issue described in (1) above.
- (3) During 2000, BFB renewed four certificate of deposit (CDs) accounts at three different minority-owned financial institutions. The banks are located within BFB's assessment area and have been designated, through the U.S. Department of the Treasury, as "minority" institutions. Classification as a minority institution is based on ownership status. Total investment equaled \$380,000. These CDs were considered at the last evaluation.
- (4) In November of 2000, BFB invested \$1,000,000 in the South East Regional Affordable Housing Fund II. This limited partnership is a fund that invests in projects eligible for low-income housing tax credits. The fund offers a diversified investment in at least four properties located in Florida, with one property located within the bank's assessment area.

⁵ **Qualified Investments:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

CONCLUSIONS (Continued)

INVESTMENT TEST (Continued)

- (5) In May and June of 2000, BFB purchased two mortgage backed securities (MBS), totaling \$779,865. Both MBS are secured by purchase home loans specifically originated to low- and moderate-income individuals within the bank's assessment area.
- (6) During 2000, BFB purchased \$15,000 worth of stock in a local community reinvestment organization that specifically finances economic development projects, such as rehabilitation of properties in distressed areas, at zero interest.
- (7) BFB also made four in-kind contributions of 30 computers, valued at \$10,750, to three schools and one church. The schools and the church primarily assist low- and moderate-income individuals.
- (8) During 2000, BFB made a total of eight monetary donations, totaling \$10,000, to various community organizations.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

As outlined above, under "Description of Institution," although BFB is chartered as a full-service institution, it is not a typical retail banking organization. BFB does not routinely advertise to the retail market, has little or no walk-in traffic, and generates much of its residential lending activity through area mortgage brokers. The bank's primary revenues are a function of its business strategy, which is to serve the needs of international customers throughout the Americas, using its extensive affiliate relationships. Despite this however, delivery systems are still reasonably accessible to most portions of the bank's assessment area, including low- and moderate-income areas. In addition, retail services, although not routinely advertised, and business hours, do not vary in a way that inconveniences most portions of its assessment area. In fact, subject bank's services and hours compare favorably with other similarly structured institutions located nearby.

Accessibility of Delivery Systems

As mentioned above, with only one banking office, BFB's delivery systems are not entirely accessible to all portions of the bank's assessment area, but still reasonably accessible to most individuals and businesses within the assessment area. Although the location of BFB's office is not reasonably close to individuals and business concerns in the farthest sections of the bank's assessment area, the bank will accept requests for information and applications for the "Mirco" and "School" loans through the mail.

CONCLUSIONS (Continued)

SERVICE TEST (Continued)

Alternative Delivery Systems

Alternative delivery systems are limited. Subject bank operates one ATM at its main office. No other alternative delivery systems are available to individuals within the assessment area.

Changes in Branch Locations

There have been no changes in the bank's branch structure since the last evaluation. The bank does maintain a branch closing policy.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

As mentioned previously, most services are a function of the bank's business strategy to serve the needs of international customers. Notwithstanding, BFB does offer regular deposit products, including other banking services, and maintains regular banking hours Monday through Friday for those in the institution's assessment area. In addition, the CRA Assistant is always available to help loan applicants, particularly those individuals not familiar with U.S. banking customs, prepare loan applications and provide other financial services training. Further, the bank continues to market two special loan programs, albeit on a limited basis, through various local entities, such as churches and schools that primarily serve low- and moderate-income individuals. Refer to the Lending Test section for further information regarding these programs.

In addition, the bank continues to offer reduced fee business deposit accounts, including overdraft privileges and free checking, to very small businesses that have contracted with the bank's affiliate, Credomatic. The bank does not advertise this deposit product; rather, BFB relies on the affiliate's ability to procure very small business customers. As of the evaluation date, the bank maintains about eight of these business accounts.

Community Development Services

Based on the bank's resources and assessment area needs, BFB has provided an adequate level of community development services.

Although the services provided are not always particularly innovative, the services offered address various assessment area needs that are targeted to low- and moderate income individuals/areas or to small business concerns. As shown below, senior management and employees are involved in numerous community, civic, governmental, and housing-related organizations throughout the bank's assessment area. Examples of such organizations include, but are not limited to, the following (refer to next page):

CONCLUSIONS (Continued)

SERVICE TEST (Continued)

Community Development Services (Continued)

Collins Center for Public Policy: A bank director is president of this organization that helps redevelop low-income areas in downtown Miami.

LISC Resource Development Committee (Advisory Board): A bank officer is a member of this committee. The committee guides the organization in developing community development housing and job creation in low- and moderate-income neighborhoods.

Community Reinvestment Group: This group makes zero interest loans to Community Development Corporations and other non profit groups for the development of affordable housing. A bank officer sits on the board and participates in management discussions and loan decisions.

Caballeros Catolicos: A bank officer is a member of this organization that helps support other organizations dedicated in helping homeless and low-income individuals improve the quality of their lives.

Nicaraguan American Chamber of Commerce: A bank officer is a member of this organization that helps establish different learning programs that benefit minority-owned small businesses. The bank officer also participated in teaching a small business workshop to member businesses.

Workshop Through the Summerbridge Program: Bank employees provided financial services education (basic loan application information) to low-income individuals

Internships for Low-income Students: Since the last evaluation the bank hired three students from low- and moderate-income families for job training in financial services. The students were picked from a local school that primarily provides education to the very low-income students in the county.

Most services furnished by the institution are generally provided through direct involvement by a bank employee. Since the last evaluation, approximately 10 employees have been involved in providing technical assistance and/or financial services education to many community development-related organizations and groups within the bank's assessment area. The type and level of assistance provided varies with each employee, but is usually ongoing. Bank records indicate that the employees use their individual financial and business experience to further an organization's goals and to further community development within its assessment area. Typically, participating employees hold various positions within these organizations, including Board of Directors, Secretaries, Treasurers, and/or committee members.

OTHER MATTERS

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

No substantive violations of the antidiscrimination laws and regulations were identified.

